



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2011 Biennium

<b>Bill #</b>	HB0015	<b>Title:</b>	Fund K-12 education
<b>Primary Sponsor:</b>	Villa, Dan	<b>Status:</b>	As Introduced

- |  |  |  |
|--|--|--|
| <input type="checkbox"/> Significant Local Gov Impact                | <input type="checkbox"/> Needs to be included in HB 2  | <input type="checkbox"/> Technical Concerns              |
| <input checked="" type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<b>Expenditures:</b>				
General Fund	\$16,010,738	\$32,586,665	\$32,658,276	\$32,594,932
<b>Revenues:</b>				
General Fund	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance</b>	<u>(\$16,010,738)</u>	<u>(\$32,586,665)</u>	<u>(\$32,658,276)</u>	<u>(\$32,594,932)</u>

**Description of fiscal impact:** HB 15 increases state support for school district general fund budgets by \$48.6 million in the 2011 biennium. A 3% increase each year of the 2011 biennium to the basic entitlement and the total per-ANB entitlement generates the increase.

### FISCAL ANALYSIS

#### Assumptions:

- Under current law, the average number belonging (ANB) used to determine the general fund budgets for K-12 public schools will be as follows:

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
<b>K-6 ANB</b>	77,753	77,541	77,951	79,887	80,769
<b>7-8 ANB</b>	23,353	22,832	22,531	22,448	22,394
<b>9-12 ANB</b>	48,642	47,673	46,734	45,889	44,971
	149,748	148,046	147,216	148,224	148,134

2. The present law inflation applied to the basic and per-ANB entitlements is 3% each year in FY 2010, FY 2011, FY 2012 and FY 2013. The basic and per-ANB entitlements will be set as follows:

<u>Entitlement</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
<b>Elementary Basic</b>	\$21,922	\$22,580	\$23,257	\$23,257	\$23,257
<b>Middle School Basic</b>	\$62,083	\$63,945	\$65,863	\$65,863	\$65,863
<b>High School Basic</b>	\$243,649	\$250,958	\$258,487	\$258,487	\$258,487
<b>Elementary Per-ANB</b>	\$4,716	\$4,857	\$5,003	\$5,003	\$5,003
<b>High School Per-ANB</b>	\$6,037	\$6,218	\$6,405	\$6,405	\$6,405

3. Present law (MCA 20-9-326) requires the Governor to include inflation adjustments for the basic and per-ANB entitlements in the recommendations presented to the legislature. These present law adjustments result in the following expenditures:

	<u>FY 2010</u>	<u>FY 2011</u>
<b>Direct State Aid</b>	\$383.4 million	\$393.6 million
<b>Guaranteed Tax Base Aid</b>	\$135.7 million	\$140.1 million
<b>County Retirement GTB</b>	\$27.7 million	\$28.7 million

4. The basic and per-ANB entitlement increases of 3% per present law and are included in item 3 of this fiscal note. The total general fund expenditure for these increases are included as a change in this bill totaling \$48.6 million new funding for the 2011 biennium.
5. Direct State Aid, GTB and other general fund components are computed with the school funding model used by the Office of Public Instruction, the Legislative Fiscal Division and the Office of Budget and Program Planning using current statutory entitlements, enrollment estimates and estimated property tax values.

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
Local Assistance (Direct State Aid)	\$11,400,024	\$23,086,486	\$23,121,642	\$23,074,481
Local Assistance (Guaranteed Tax Base Aid)	\$4,610,714	\$9,378,451	\$9,411,062	\$9,390,914
Local Assistance (Retirement GTB)	\$0	\$121,728	\$125,572	\$129,537
<b>TOTAL Expenditures</b>	<u>\$16,010,738</u>	<u>\$32,586,665</u>	<u>\$32,658,276</u>	<u>\$32,594,932</u>

**Funding of Expenditures:**

General Fund (01)	\$16,010,738	\$32,586,665	\$32,658,276	\$32,594,932
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**Net Impact to Fund Balance (Revenue minus Funding of Expenditures):**

General Fund (01)	(\$16,010,738)	(\$32,586,665)	(\$32,658,276)	(\$32,594,932)
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**Effect on County or Other Local Revenues or Expenditures:**

1. The cost of basic entitlement and per ANB funding is shared by the state and local taxpayers. Entitlements increase in HB 15, therefore, the BASE budget and the maximum general fund budget could increase depending on the ANB increase or decrease in a district. Statewide, the local property taxes to fund the BASE budget will increase by \$4.1 million in FY 2010 and \$8.4 million in FY 2011.

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Sponsor's Initials

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Date

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Budget Director's Initials

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Date